

## **complaint**

Mr V complains to this service following a single premium payment protection insurance (“PPI”) product being sold to him alongside a loan taken out by him. The loan and PPI were arranged by Lloyds TSB Bank Plc (“Lloyds”) in 2005. Mr V complains on the basis that the PPI was mis-sold.

## **background**

Lloyds did not uphold Mr V’s complaint. The adjudicator in this case also did not uphold Mr V’s complaint. Mr V has now asked for the matter to be reviewed by an ombudsman.

## **my findings**

I have considered all of the available evidence and arguments in order to decide what is fair and reasonable in the circumstances. I have also taken into account the law and good industry practice at the time the policy was sold.

The questions I need to consider in this case are:

- whether Lloyds gave Mr V information that was clear, fair and not misleading in order to put him in a position where he could make an informed choice about the insurance he was buying; and
- whether, in giving any advice or recommendation, Lloyds took adequate steps to ensure that the product it recommended was suitable for his needs.

If there were shortcomings in the way in which Lloyds sold the policy, I then need to consider whether Mr V is worse off as a result; that is, would Mr V have done something different – ie not taken out the policy – if there had been no shortcomings.

Mr V doesn’t think the PPI was discussed with him when he went into a Lloyds branch, suggesting that it was added without his knowledge or consent. I have considered this point carefully. However, having done so, I have concluded that it is just as likely that Lloyds made him aware that the PPI was optional. I explain why below.

The credit agreement provided a “yes” or “no” selection to the question: “*OPTIONAL LOAN PROTECTION?*”. But I note this is pre-populated by Lloyds in favour of selecting the PPI. The option to purchase is highlighted very prominently on the form and in very close proximity to signing the credit agreement – directly above in Mr V’s situation. If Mr V did glance over the form before signing (as most people would) there is a good chance he would’ve noticed it. Aside from the credit agreement I have also seen that Mr V signed a form at the point of sale to say that he was provided with information about the PPI and the actual PPI documentation. This form is clearly and prominently called “*Optional Loan Protection acknowledgement of purchase*”.

So whilst it is possible Lloyds did not discuss PPI with Mr V; I find it equally as likely that they did discuss it with him and the credit agreement has been completed and populated to reflect this. In summary, I am not persuaded there is sufficient weight of evidence for me to safely conclude that cover was added without Mr V’s knowledge or consent.

Both Lloyds and Mr V agree that this was a recommended sale. As such Lloyds were placed under an obligation to ensure that the product it recommended to Mr V was suitable for his needs.

Taking into account the policy benefits, the likely cost of cover, and Mr V's circumstances at the time of the sale, I am not persuaded I can safely conclude Lloyds' recommendation was unsuitable for him. I say so for the following reasons:

- Mr V was eligible for the plan, and was not affected by any of the potentially significant limitations or exclusions affecting the available benefits under the policy. I am aware that Mr V thinks the policy was unsuitable for self-employed people but having considered the features of the policy; the self-employed terms are no more onerous than for employed individuals. As such Mr V could expect to be entitled to the benefit of the policy.
- Mr V has said that he had existing insurance provision to provide him with security equivalent to 90% of his wages for 11 months if he was unable to work. Despite repeated requests to Mr V's representative, they have been unable to provide details as to what the policy covered. I therefore cannot safely say what this policy is, or draw any firm observations about its ability to meet Mr V's existing obligations and its impact upon this PPI sale. I'm unable to place much weight therefore upon what Mr V tells us about this policy and its benefits.
- I accept it was possible that Mr V might want to refinance or repay the loan before the end of the scheduled policy term of 36 months. But this was not a long loan term, so he might have been more likely to keep it to term. Mr V's circumstances at the time of the sale, the purpose of the loan, and his submissions when making the complaint, do not suggest to me he expected or needed to repay the loan early. Lloyds also say he had no history of doing so. So, even though this policy had restrictive cancellation terms, I am not persuaded this made it an unsuitable recommendation for Mr V – because the flexibility to cancel the policy early does not appear to have been an important consideration for him.
- The cost of the policy was clearly disclosed and it does not appear to be unaffordable for Mr V at the time. The policy also provided him with a benefit for the duration of the loan and there is nothing which suggests to me that Mr V would have been unable to claim on the policy if the need to arose. Considering Mr V's circumstances at the time, the policy appears to have met his need in terms of cost and apparent benefits.

So, because Mr V appears to have chosen the PPI in light of a need to protect his repayments and the PPI cost and benefits were agreeable to him and he doesn't appear to be affected by any significant exclusions or limitations, I do not find that the recommendation was unsuitable.

I'm not entirely satisfied the features of the policy were all explained to Mr V in a clear and fair way. But I am satisfied that Mr V had an interest in protecting his loan repayments, given his needs at the time and given that he chose to take the PPI. I do not think he would have made a different choice – and decided against the policy – if he'd been better informed about it. I say this because the policy appears to have been suitable for him and better information about it would simply have revealed this. There are no features of the policy that

seem likely to me to have put him off it, if he'd known more about them, given what I know of his circumstances, demands and need .

In summary, I think he would have gone ahead anyway irrespective of any information failings.

I do not uphold Mr V's complaint.

**my final decision**

For the reasons set out above I do not uphold Mr V's complaint or make any award against Lloyds TSB Bank Plc.

Daniel Lucas  
**ombudsman**